



Patrick W. Henning, Director



Arnold Schwarzenegger
Governor

January 16, 2008
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Mr. Ernest B. Dowdy, Executive Director
City of San Bernardino Employment and Training Agency
600 N. Arrowhead Avenue
San Bernardino, CA 92401-1201

Dear Mr. Dowdy:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2007-08

This is to inform you of the results of our review for Program Year (PY) 2007-08 of the City of San Bernardino Employment and Training Agency's (SBETA) Workforce Investment Act (WIA) 85-Percent grant program operations. We focused this review on the following areas: Board composition, One-Stop delivery system, program administration, WIA activities, participant eligibility, local program monitoring of subrecipients, grievance and complaint system, and management information system/reporting.

This review was conducted by Mr. David Davis and Ms. Carol Hammond from September 10, 2007 through September 14, 2007.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by SBETA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2007-08.

We collected the information for this report through interviews with SBETA's representatives, service provider staff, and WIA participants. In addition, this report includes the results of our review of selected case files, SBETA's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2007-08.

We received your response to our draft report on November 30, 2007 and reviewed your comments and documentation before finalizing this report. Because your

response adequately addressed findings one and two cited in the draft report, no further action is required at this time. However, these issues will remain open until we verify your implementation of your stated corrective action plan during a future onsite review, or receive copies of the items noted in the recommendations. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 8000 and 8001.

BACKGROUND

The SBETA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2007-08, a minimum of the allocated funds had been expended at the time of our review and SBETA is still using PY 2006-07 funds for service delivery. For PY 2006-07 SBETA was allocated: \$797,095 to serve 151 adult participants; \$842,592 to serve 184 youth participants; and \$597,947 to serve 122 dislocated worker participants.

For the quarter ending June 30, 2007, SBETA reported the following expenditures for its WIA programs for PY 2006-07: \$341,514 for adult participants; \$185,841 for youth participants; and \$353,071 for dislocated worker participants. In addition, SBETA reported the following PY 2006-07 enrollments: 85 adult participants; 84 youth participants; and 30 dislocated worker participants. We reviewed the 30 case files for the participants enrolled in the WIA program as of September 10, 2007.

PROGRAM REVIEW RESULTS

While we concluded that, overall, SBETA is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Memorandum of Understanding and Youth Council composition. The findings that we identified in these areas, our recommendations, and SBETA's proposed resolution of the findings are specified below.

FINDING 1

Requirement: 20 CFR 662.270 states, in part, that an MOU must describe the particular funding arrangements for services and operating costs of the One-Stop delivery system, and each partner must contribute a fair share of the operating costs proportionate to the use of the system by individuals attributable to the partner's program.

Observation: We observed that SBETA does not have a Memorandum of Understanding (MOU) completed with the Employment Development Department (EDD).

During our PY 2006-07 onsite Fiscal and Procurement Review, SBETA provided correspondence showing their activity to complete the required MOU, and during this current review, they provided additional correspondence showing they were actively working with EDD to complete the required MOU.

Recommendation: We recommended that SBETA continue their efforts to secure the MOU. Once completed, we recommend that SBETA provide signed copies of the MOU to CRD.

SBETA Response: The SBETA stated that they have completed the revisions requested by EDD to the MOU, and forwarded it to EDD for signature. Once the MOU has been signed copies will be sent to CRD.

State Conclusion: The SBETA's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until SBETA provides CRD with a copy of the signed MOU. Until then, this issue remains open and has been assigned CATS number 8000.

FINDING 2

Requirement: 20 CFR Section 661.335(b)(4) states, in part, that the membership of each Youth Council must include a representative of private, nonprofit agencies serving youth.

Observation: We observed that since March 2007, SBETA's Youth Council has a vacant seat for a representative of private, nonprofit agencies serving youth.

Recommendation: We recommended that SBETA provide CRD with a corrective action plan, including a timeline, showing the steps that it will take to fill the vacancy. Once filled, we recommend that SBETA provide CRD with a copy of the updated Youth Council roster.

SBETA Response: The SBETA stated that they were working with the following agencies to identify a representative: Youth Action Project and the STEP Program. Once the vacancy has been filled, they will

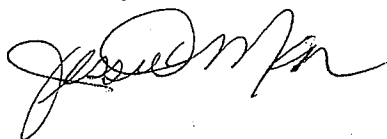
provide CRD with an updated Youth Council roster. They expect the process to be completed by February 11, 2008.

State Conclusion: The SBETA's stated corrective action should be sufficient to resolve this issue and no further corrective action is required. However, we cannot close this issue until SBETA provides CRD with a copy of the updated Youth Council roster. Until then, this issue remains open and has been assigned CATS number 8001.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is SBETA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain SBETA's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Mr. Jim Tremblay at (916) 654-7825 or Mr. David Davis at (916) 654-8332.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
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cc: Shelly Green, MIC 45
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